



February 26, 2007

Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW, Room TW-A325
Washington, DC 20554

**Re: Service Rules for the 698-746, 747-762 and 777-792 MHz Bands
(WT Docket No. 06-150) – *Ex Parte Comments***

Dear Ms. Dortch:

The Chillicothe Telephone Company is a small business and rural telephone carrier that provides service in the State of Ohio. Our company has been in business since 1895, and throughout our operating history we have continuously demonstrated commitment to the rural communities in our service area. We are aware that the FCC is in the process of deciding on rules to auction both Upper and Lower Band 700 MHz spectrum, in the timetable mandated by Congress. We are writing this letter to urge prompt Commission adoption of CMA license sizes in both the Upper and Lower 700 MHz Bands, as proposed in the Balanced Consensus Plan and related comments filed by the Blooston Rural Carriers in the above-captioned proceeding.

As a rural carrier, we are among the entities that Congress sought to help when it mandated in Section 309(j) of the Communications Act that the FCC promote economic opportunity and competition and disseminate licenses among a wide variety of applicants, including small businesses and rural telephone companies. The use of CMA licensing has proven to be one of the most effective ways to ensure broad participation in spectrum auctions, as demonstrated by AWS Auction No. 66. CMA licenses can be aggregated by bidders who wish to provide service over larger areas, and they allow companies to acquire spectrum efficiently – limited to areas where they intend to provide service or where additional capacity is needed.

Providing for multiple CMA channel blocks makes especially good sense in the 700 MHz bands. This spectrum is well suited for rural applications, since it has better propagation (including a greater ability to carry over the horizon and through foliage) than cellular, PCS and AWS spectrum. This superior propagation can reduce the number

of transmitters and related infrastructure needed to accomplish a rural build out, which can make or break the business case for a wireless service in sparsely populated areas.

The Bureau can further promote the Commission's policy goals by using the following procedures and design proposals for its 700 MHz auctions:

The Commission Should Not Unduly Accelerate its Schedule for 700 MHz Auctions

We urge the FCC not to unduly accelerate its schedule for the 700 MHz auctions. Potential bidders (and financial markets) need to have at least six months from the date final auction rules have been issued until the short-form application deadline in order to raise adequate funds and finalize their business plans. Scheduling the 700 MHz auctions without this six month cushion will unnecessarily shorten the pre-auction schedule and will likely prevent many small companies from being able to bid.

Package Bidding Should Not Be Available

We believe that the remaining 700 MHz band licenses should be made available for bidding using simultaneous multiple-round auction format, but package bidding should *not* be available for any CMA licenses. Package bidding would unduly complicate the bidding for small and rural carriers and it would defeat all of the benefits to be gained through the use of CMA licensing. Package bidding would also unduly favor large bidders and publicly traded companies at the expense of smaller bidders, and it would be a significant disincentive to our company's participation in 700 MHz Band auctions.

Full Bidder/Bid Information Should Be Available to Auction Participants

The Commission should not propose "limited information" procedures for the 700 MHz auctions. While there is academic debate as to whether blind bidding might increase the competitiveness of an auction, these procedures would almost certainly disfavor small businesses and rural telephone companies, and tip the balance in favor of larger bidders. Any speculative benefits to be gained from making less information available to bidders will be vastly outweighed by bidder confusion and uncertainty with the new procedures. Small carriers will have greater comfort with the 700 MHz auction rules, and they will bid with more confidence, if they know who they are bidding against as well as their bidding eligibility.

In conclusion, the Commission got it right with last year's AWS auction. It does not make any sense to tinker with a successful formula. Small businesses and rural telephone companies can and will participate in the 700 MHz Band auctions (as they did in the AWS auction), provided that CMA licensing areas are available, the auction rules are evenhanded, and so long as there is sufficient time (*i.e.*, at least six months) from the date the 700 MHz Band plan and auction rules are adopted until the filing deadline for short-form applications.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. McKell', written over the printed name.

William A. McKell
President
The Chillicothe Telephone Company